

Message Text

SECRET

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44

ACTION NEA-12

INFO OCT-01 ADP-00 NEAE-00 SSO-00 NSCE-00 INRE-00 PM-07

NSC-10 SS-15 RSC-01 CIAE-00 INR-10 NSAE-00 L-03 OMB-01

TRSE-00 RSR-01 /061 W

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O R 231350Z AUG 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC IMMEDIATE 4725

INFO SECDEF WASHDC

CNO WASHDC

USCINCEUR

CHUSMTM DHAHRAN

S E C R E T JIDDA 3614

DOD FOR ISA

E.O. 11652: GDS

TAGS: MASS, SA

SUBJ: SAUDI NAVAL EXPANSION PROGRAM (SNEP)

REF: (A) JIDDA 3353; (B) STATE 166469; (C) STATE 166665

SUMMARY: MEETING WITH PRINCE SULTAN WILL PROBABLY NOT TAKE PLACE UNTIL SATURDAY, AUGUST 25. AT THAT TIME WILL EXPLAIN INCREASED SNEP COSTS (PER REFTELS), AND OFFER VISIT OF USN TEAM FOR FURTHER STUDY AND REVIEW. RECOMMEND THAT TEAM POSTPONE BRIEFING UNTIL AFTER SULTAN'S RETURN FROM ALGIERS NON-ALIGNED CONFERENCE (SEPT. 5-9). ALTERNATIVE PACKAGES TEAM MAY PRESENT SHOULD STRESS QUALITY AND EFFECTIVENESS AND KEEP IN MIND SULTAN'S \$600 MILLION BUDGET FIGURE (ALTHOUGH THEY NEED NOT BE CONFINED TO IT). OFFER OF SMALL NUMBER OF UNSOPHISTICATED CRAFT ON CONCESSIONARY TERMS (TO GET RSNF OFF TO FAST START) WOULD MAKE IT EASIER FOR SULTAN TO SSEEK ADDITIONAL APPROPRIATIONS FOR SNEP. END SUMMARY.

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1. PRESIDENT SADAT EXPECTED ARRIVE JIDDA AUGUST 23, AND

EMBASSY INFORMED APPOINTMENT WITH MODA PRINCE SULTAN WILL THEREFORE PROBABLY BE DEFERRED TO SATURDAY, AUGUST 25. AT THAT TIME WILL DRAW UPON REFTELS TO EMPHASIZE TO PRINCE US'S DEEP CONTINUING INTEREST IN GIVING SAG BEST POSSIBLE NAVAL PACKAGE AT BEST POSSIBLE PRICE. WILL ALSO SEEK INCREASE SULTAN'S COMPREHENSION OF PROCESS WHEREBY PLANNING FOR EXPANDED RSNF PLUS LATEST TECHNOLOGICAL DEVELOPMENTS IN NAVAL WEAPONRY PRIMARY CAUSE FOR INCREASED SNEP ESTIMATES.

2. BELIEVE THAT SULTAN WILL FIND SUCH EXPRESSION OF US INTEREST AND CONCERN REASSURING AS INTERIM MEASURE (ALTHOUGH HE CAN BE EXPECTED TO REITERATE IN STRONG TERMS HIS OBJECTIONS TO TOTAL PACKAGE INCREASES OF CA. 350 MILLION DOLLARS). SULTAN WE EXPECT WILL BE GRATIFIED BY OFFER TO DISPATCH USN TEAM TO REVIEW SNEP WITH MODA AUTHORITIES.

3. REGARDING TEAM'S VISIT, EMBASSY AND USMTM BELIEVE IT IMPORTANT TEAM BE ABLE TO OFFER ALTERNATIVE PROPOSALS, ALL OF WHICH EMPHASIZE QUALITY, SOPHISTICATION, AND EFFECTIVENESS, AND WHICH KEEP IN MIND \$600 MILLION BUDGET FIGURE FOR TOTAL SNEP PACKAGE. (SOME PROPOSALS, HOWEVER, COULD OF COURSE EXCEED THIS FIGURE IF ACCOMPANIED BY PLAUSIBLE AND ATTRACTIVE TECHNICAL RATIONALES.)

4. AS REGARDS TIMING, BELIEVE IT WOULD BE ADVISABLE IF TEAM DEFERRED PLANS MEET WITH SULTAN UNTIL AFTER PRINCE'S RETURN FROM ALGIERS NON-ALIGNED CONFERENCE (SEPT. 5-9). PRINCE'S ATTENTION IN NEXT TWO WEEKS WILL BE DEEPLY ENGAGED WITH SADAT VISIT (EXPECTED TO BEGIN AUGUST 23), VISIT OF EMIR OF KUWAIT (THAT WOULD COINCIDE WITH DATES OF USN TEAM'S BRIEFING) AND PREPARATIONS FOR ALGIERS. WE NOTE MOREOVER THAT CDR. GREEN WILL BE IN WASHINGTON COMMENCING AUGUST 30 FOR USN DEBRIEFING AND COULD CONTRIBUTE TO USN ASSEMBLY OF REVISED SNEP PACKAGE. CHUSMTM ALSO BELIEVES USN TEAM SHOULD ALLOW PERIOD FOR MOST THROUGH EMBASSY-USMTM IN-COUNTRY REVIEW OF USN PROPOSALS PRIOR TO THEIR PRESENTATION AND DISCUSSION WITH MODA. DO NOT BELIEVE THAT PRINCE SULTAN WOULD HAVE ANY OBJECTIONS TO LATER ARRIVAL DATE.

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5. FINALLY, WONDER IF APPEARANCE OF USG FORTHCOMINGNESS AND CONCERN MIGHT BE ENHANCED IF TEAM COULD -- AS AN INTERIM MEASURE -- SUGGEST WE PREPARED TO HELP GET RSNF OFF TO EARLY START BY PROVIDING SOME SIMPLE CRAFT NOW EXCESS TO OUR NEEDS UNDER SOME CONCESSIONARY TERMS. SUCH A SWEETENER WOULD CERTAINLY PLEASE SULTAN, AND MIGHT MAKE IT SOMEWHAT EASIER FOR HIM TO RAISE WITH KING AND CONCIL OF MINISTERS NEED FOR UPWARD ADJUSTMENT

IN APPROPRIATIONS FOR SNEP PACKAGE.

THACHER

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